

Issue Brief – Medical Assistance Line Item Detail

DEPARTMENT OF HEALTH

DOH-09-16

SUMMARY

The Medical Assistance Line Item contains Utah expenditures for Medicaid-eligible clients. Medicaid is a joint federal/state entitlement service that provides health care to selected low-income populations. Last year intent language in HB 150 directed the Pharmacy Program to be broken out from Medicaid Base Program as a distinct program, both within the Medical Assistance Line Item. An initial survey of other state's budgets indicates that no other state has as few detailed program lines as Utah does for their Medicaid Base Program. The Analyst recommends that more detail be provided so that stakeholders can better understand some of the uses of Medicaid dollars and see spending trends in different areas. The table below shows the magnitude of funds in this Line Item at \$1.6 billion Total Fund for the FY 2009 base budget.

Health - Medical Assistance						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	297,922,700	325,850,600	0	325,850,600	13,064,400	338,915,000
General Fund, One-time	19,596,400	2,174,000	0	2,174,000	(2,174,000)	0
Federal Funds	983,726,400	1,089,613,100	(9,388,400)	1,080,224,700	22,342,800	1,102,567,500
Dedicated Credits Revenue	70,715,200	74,496,800	(948,000)	73,548,800	1,342,600	74,891,400
GFR - Medicaid Restricted	1,995,900	2,500,000	0	2,500,000	(2,500,000)	0
GFR - Nursing Facility	11,348,600	0	15,366,200	15,366,200	(15,366,200)	0
GFR - Nursing Care Facilities Account	0	15,366,200	(15,366,200)	0	15,366,200	15,366,200
Transfers - Human Services	69,197,400	111,234,500	(46,311,800)	64,922,700	(487,000)	64,435,700
Transfers - Intergovernmental	34,729,700	0	34,729,700	34,729,700	0	34,729,700
Transfers - Other Agencies	0	538,200	(538,200)	0	524,100	524,100
Transfers - Within Agency	3,741,100	2,601,000	1,079,100	3,680,100	(524,100)	3,156,000
Transfers - Workforce Services	366,500	0	378,900	378,900	0	378,900
Beginning Nonlapsing	5,079,900	620,900	78,600	699,500	0	699,500
Closing Nonlapsing	(12,266,800)	(620,900)	(78,600)	(699,500)	0	(699,500)
Total	\$1,486,153,000	\$1,624,374,400	(\$20,998,700)	\$1,603,375,700	\$31,588,800	\$1,634,964,500
Programs						
Medicaid Base Program	1,152,153,800	1,446,526,300	(200,117,900)	1,246,408,400	31,083,300	1,277,491,700
Pharmacy Program	149,676,600	0	163,993,400	163,993,400	0	163,993,400
Title XIX for Human Services	178,393,900	172,783,100	14,530,500	187,313,600	0	187,313,600
DOH Health Clinics	5,928,700	5,065,000	595,300	5,660,300	505,500	6,165,800
Total	\$1,486,153,000	\$1,624,374,400	(\$20,998,700)	\$1,603,375,700	\$31,588,800	\$1,634,964,500
Categories of Expenditure						
Personal Services	4,569,500	4,668,000	226,900	4,894,900	0	4,894,900
In-State Travel	49,100	34,800	14,200	49,000	0	49,000
Out of State Travel	7,000	2,700	4,600	7,300	0	7,300
Current Expense	24,636,400	21,583,200	4,371,800	25,955,000	(101,900)	25,853,100
DP Current Expense	75,000	19,000	56,100	75,100	0	75,100
DP Capital Outlay	127,300	0	0	0	0	0
Other Charges/Pass Thru	1,456,688,700	1,598,066,700	(25,672,300)	1,572,394,400	31,690,700	1,604,085,100
Total	\$1,486,153,000	\$1,624,374,400	(\$20,998,700)	\$1,603,375,700	\$31,588,800	\$1,634,964,500
Other Data						
Budgeted FTE	66.0	73.5	2.5	76.0	0.0	76.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

OBJECTIVE

By adding more Line Items and Programs to the Medical Assistance Line Item, stakeholders will better understand where money is spent in Medicaid and see spending trends over time in several expenditure categories.

DISCUSSION AND ANALYSIS

Preliminary research indicates that no other states have such few Line Items and programs for their Medicaid Base Program budget expenditures. The Analyst recommends that the 4 program lines, Medicaid Base Program, Pharmacy Program, Title XIX Human Services, and DOH Health Clinics become 3 Line Items. All current programs would be broken up into 2 new Line Items Core Services and Optional Services, except for DOH Health Clinics which will become its own Line Item. Core Services would have 6 programs and reflect the core services that Utah is required to pay for when it chooses to participate in the Medicaid program. Additionally, Utah has elected to cover additional groups beyond the minimum requirements. These groups represent about one third of all Core Services expenditures. The 6 programs with the highest expenditures were selected. Those 6 programs are included below with a brief explanation:

- 1) **Inpatient Hospital** – services provided at a hospital, while a resident there.
- 2) **Nursing Home** – institutionalized long-term care.
- 3) **Capitated Mental Health Services** – mental health services addressing issues from depression to schizophrenia.
- 4) **Physician Services** – doctor office visits.
- 5) **Outpatient Hospital** – services provided to clients who go to the hospital, but do not stay overnight.
- 6) **Other Core Services** – other services such as home health services, lab and radiology, medical supplies, and medical transportation.

Optional Services would have 7 programs and reflect the services that Utah has opted to pay for. There are a few populations, such as children and pregnant woman, where these optional services are required. These required “optional” services make up about 16% of all optional service expenditures. The 7 programs with the highest expenditures were selected, with the exception of vision care. Those 7 programs are included below with a brief explanation:

- 1) **Pharmacy** – prescription drugs.
- 2) **Home and Community Based Waivers** – programs to keep clients in need of long-term care services in their homes.
- 3) **Buy In** – the State pays the Medicare premiums and deductibles to pay for clients to use the 100% federally-funded Medicare program, rather than Utah’s Medicaid program.
- 4) **Dental Services** – preventative and routine dental services.
- 5) **Institutional Care Facilities for the Mentally Retarded** – institutionalization services for individuals with cognitive disabilities.
- 6) **Vision Care** – eye glasses and exams.
- 7) **Other Optional Services** – services such as chiropractic, kidney dialysis, occupational and physical therapy and early intervention programs for children with developmental disabilities.

The use of the phrase “optional services” refers to a decision by the federal government through the Center for Medicare and Medicaid Services (CMS) to allow states to choose whether or not they wish to fund specific services. Some of the services, if cut, would not necessarily result in all that services’ previous expenditures being captured. Some cuts in services, such as eliminating pharmacy benefits, would likely result in higher hospital and physician costs (required services) for those clients unable to obtain their prescriptions and suffer negative health effects.

Currently the Department can transfer funds at will within the Medical Assistance Line Item. The actions proposed in this Issue Brief will create 3 new Line Items, which will require the Department to receive Legislative approval for the transfer of funds between optional and core service expenditures as well as funding for DOH Health Clinics.

The table below shows the money amounts that would be assigned to the 3 new Line Items and 13 new programs. The total dollar amount represents the monies available in the Medical Assistance Line Item before the addition of monies from the Executive Appropriations Committee.

<u>Current Programs</u>	<u>New Line Items</u>	<u>New Programs Under 2 Line Items</u>
6,156,800 DOH Health Clinics	6,156,800 DOH Health Clinics	
1,246,434,100 Medicaid Base Program	1,089,561,500 Core Services	451,314,400 - Inpatient Hospital
163,993,400 Pharmacy Program		173,130,200 - Nursing Home
187,313,600 Title XIX for Human Services		122,824,500 - Capitated Mental Health Services
		117,308,300 - Physician Services
		115,224,800 - Outpatient Hospital
		109,759,300 - Other Core Services
	<u>508,179,600</u> Optional Services	163,993,400 - Pharmacy
		187,313,600 - Home and Community Based Waivers
		30,178,800 - Buy In
		37,546,700 - Dental Services
		34,363,800 - Institutional Care Facilities for the Mentally Retarded
		2,657,000 - Vision Care
		52,126,300 - Other Optional Services
1,603,897,900 Grand Total	1,603,897,900 Grand Total	

LEGISLATIVE ACTION

- The Analyst recommends the Legislature change the Medical Assistance Line Item into 3 new Line Items with accompanying programs as discussed above.